Reduction in interest rates on small saving

540. SHRIMATI JAYAPRADA NAHATA:
SHRI AMAR SINGH:

Will the Minister of FINANCE be pleased to state:

(a) whether Government have recently reduced interest rates on small savings and public provident fund in post offices throughout the country;

(b) if so, the reasons therefor;

(c) whether the interest of general public to save the money in post offices have been affected adversely; and

(d) if so, what is Governments reaction in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Yes, Sir. The interest rates on certain small savings schemes and Public Provident Fund have been reduced *w.e.f.* 15.1.2000.

(b) The marginal reduction in the interest rates was necessitated in the larger interest of the economy so as to align these rates with the over all interest rate structure in the country.

(c) No, Sir. Subscribers to the small savings schemes will continue to benefit from the relative advantage of these schemes by way of assured return, attractive tax concessions and easy accessibility.

(d) Does not arise.

Complaint from ONGC Employees Association

541. SHRI KARNENDU BHATTACHARJEE: Will the Minister of FINANCE be pleased to state:

(a) whether CBDT received complaint from ONGC Employees' Association, Calcutta *vide* letter No. 106/PRBS/98-99 dated 4th August, 99 against ONGC for illegal and forcible deduction from monthly salary of employees since August, 1998 in the name of PRBS scheme;

(b) whether Commissioner of Income-tax, Meerut has given tax

exemption/benefit U/S 88 upon PRBS scheme with reference to ONGC's office order No. 11(23)/97-EP dated 6th August, 1998;

(c) whether such deduction from employees by ONGC without written consent of individual towards funding in PRBS can attract aforesaid tax benefit;

(d) whether Government will cancel tax benefit on the said scheme in view of Association complaint dated 4th August, 99; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAYA KUMAR): (a) No, Sir. However, the Central Board of Direct Taxes had earlier received a complaint from ONGC Employees Association, Calcutta *vide* letter No. 106/PRBS/98, dated 10-9-98, against PRBS Scheme with a request for it's cancellation in view of the fact that the PRBS Scheme is not a statutory scheme of the Government of India.

(b) Commissioner of Income-tax, Meerut granted recognition to the ONGC Self Contributory Post Retirement and death in service Superannuation Benefit Trust, Dehradun *vide* order dated 5-12-1991 under section 88 of the Income-tax Act, 1961.

(c) All contribution to any hitherto recognized funds like the PRBS Scheme are eligible for deduction under section 88(2)(vii) of the Income-tax Act, 1961.

(d) and (e) In view of the earlier complaint, dated 10-9-98, proceedings regarding cencellation of the recognition granted to the Trust on 5-12-1991 have already been initiated by the Commissioner of Income-tax, Meerut.

Depreciation rates under Income Tax Act

542. SHRI SANTOSH BAGRODIA: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to free depreciation rates under Income Tax Act;

(b) if not, whether Government are aware that by not doing so the